

MODIFIED AMERITECH ILLINOIS PERFORMANCE REMEDY PLAN

This Performance Remedy Plan sets forth the terms and conditions under which Illinois Bell Telephone Company ("Ameritech Illinois" or "Ameritech") will report performance to CLEC and compare that performance to Ameritech's own performance or its affiliate's performance or benchmark, whichever is applicable. This document further provides for enforcement through liquidated damages and assessments.

- 1.0** Ameritech agrees to provide CLEC a monthly report of performance for the performance measures listed in Appendix 1. Ameritech will collect, analyze, and report performance data for these measures in accordance with Ameritech's Performance Measurement Business Rules, as presented to the Illinois Commerce Commission for approval by the Joint Petition in Docket 01-0120. Both the performance measures and the business rules are subject to modification in accordance with section 6.4 below regarding six-month reviews. Ameritech further agrees to use this two-tiered enforcement structure for performance measurements provided for in this document. Appendix 1 hereto identifies the measurements that belong to Tier-1 (payable to CLECs) or Tier-2 (payable to the state) categories, which are further identified as the High, Low and Medium groups as those terms are used below.
- 1.1** Ameritech will not levy a separate charge for provision of the data to CLEC called for under this document. Upon CLEC's request, data files of CLEC's raw data, or any subset thereof, will be transmitted to CLEC. If CLEC's request is transmitted to Ameritech on or before the last day of the month for which data is sought, Ameritech shall provide the data to CLEC on or before then 20th day of the month pursuant to mutually acceptable format, protocol, and transmission media. If CLEC's request is transmitted to Ameritech after the last day of the month for which data is sought, Ameritech shall provide the data to CLEC within 20 days of receipt pursuant to mutually acceptable format, protocol, and transmission media. Notwithstanding other provisions of this Agreement, the Parties agree that such records will be deemed Proprietary Information.
- 2.0** Ameritech will use a statistical test, namely the "Z-test," for evaluating the difference between two means (Ameritech or its affiliate and CLEC) or percentages, or the difference between two ratios for purposes of this document. Ameritech agrees to use the Z-tests as outlined below as the statistical tests for the determination of parity when the results for Ameritech or its affiliate and the CLEC are compared. The Z-tests are applicable if the number of data points are greater than or equal to 30 for a given disaggregation category. In cases where benchmarks are established, the determination of compliance is through a non-statistical test which compares the measured performance delivered to the CLEC and the applicable benchmark. For testing compliance for measures for which the number of data points are 29 or less, the use of permutation tests as outlined below may be used. Parity and benchmark tests and the corresponding sample size requirements are summarized in the following Tables.

Table 1: Tier 1 Parity Test

Sample Size	Test	Non-compliant
$\text{Min}\{n_{\text{ILEC}}, n_{\text{CLEC}}\} \geq 30$	Z Tests (3.1)	$Z > Z^c$
$\text{Min}\{n_{\text{ILEC}}, n_{\text{CLEC}}\} < 30$	Permutation (3.2)	$Z > Z^c$

Table 2: Tier 2 Parity Test

Sample Size	Test	Non-compliant
$\text{Min}\{n_{\text{ILEC}}, n_{\text{CLEC}}\} \geq 30$	Z Tests (3.1)	$Z > Z^c$
$30 > \text{Min}\{n_{\text{ILEC}}, n_{\text{CLEC}}\} \geq 10$	Permutation (3.2)	$Z > Z^c$
$10 > \text{Min}\{n_{\text{ILEC}}, n_{\text{CLEC}}\} \geq 1$	No Test	N/A

Table 3: Tier 1 Benchmark Test

Sample Size	Test	Non-compliant
$n_{\text{CLEC}} \geq 1$	Non-statistical Test (4.1)	$Z > Z^c$

Table 4: Tier 2 Benchmark Test

Sample Size	Test	Non-compliant
$n_{\text{CLEC}} \geq 10$	Non-statistical Test (4.1)	$Z > Z^c$
$n_{\text{CLEC}} < 10$	No Test	N/A

3.0 **Statistical Parity Testing**

For purposes of this document, performance for the CLEC on a particular sub-measure (disaggregated level) will be considered in compliance with the parity requirement when the measured results in a single month (whether in the form of means, percents, or ratios) for the same sub-measurement, at equivalent disaggregation, for both Ameritech or its affiliate and CLEC are used to calculate a Z-test statistic and the resulting value is no greater than the critical Z value ("Z^c") as defined below.

3.1 Z Test:

Type I Error: $\alpha = 5\%$,
Z-Critical: $Z^c = 1.645$.

Performance is non-compliant with the parity requirement if and only if $Z > Z^c$, where Z values for different types of performance measurements are calculated as defined below.

3.1.1 For Measurement results that are expressed as Averages or Means:

Modified Z = $(DIFF)/\sigma_{DIFF}$

Where;

$DIFF = M_{ILEC} - M_{CLEC}$

M_{ILEC} = ILEC Average

M_{CLEC} = CLEC Average

$\sigma_{DIFF} = \text{SQRT}[\sigma_{ILEC}(1/n_{CLEC} + 1/n_{ILEC})]$

σ^2_{ILEC} = Calculated variance for ILEC.

n_{ILEC} = number of observations or samples used in ILEC measurement

n_{CLEC} = number of observations or samples used in CLEC measurement

3.1.2 For Measurement results that are expressed as Percentages or Proportions:

Step 1:

$$\rho = \frac{(n_{ILEC}P_{ILEC} + n_{CLEC}P_{CLEC})}{n_{ILEC} + n_{clec}}$$

Step 2:

$$\sigma_{P_{ILEC}-P_{CLEC}} = \text{sqrt}[[\rho(1-\rho)]/n_{ILEC} + [\rho(1-\rho)]/n_{CLEC}]$$

Step 3:

$$Z = (P_{ILEC} - P_{CLEC}) / \sigma_{P_{ILEC} - P_{CLEC}}$$

Where: n = Number of Observations
P = Percentage or Proportion

3.1.3 For Measurement results that are expressed as Rates or Ratios:

$$Z = (DIFF) / \sigma_{DIFF}$$

Where;

$$DIFF = R_{ILEC} - R_{CLEC}$$

$$R_{ILEC} = \text{num}_{ILEC} / \text{denom}_{ILEC}$$

$$R_{CLEC} = \text{num}_{CLEC} / \text{denom}_{CLEC}$$

$$\sigma_{DIFF} =$$

$$\text{SQRT} \{[(\text{num}_{ILEC} + \text{num}_{CLEC}) / (\text{denom}_{ILEC} + \text{denom}_{CLEC})] * (1 / \text{denom}_{CLEC} + 1 / \text{denom}_{ILEC})\}$$

3.1.4 In calculating the difference between the performances, the formula proposed above applies when a larger CLEC value indicates a higher quality of performance. In cases where a smaller CLEC value indicates a higher quality of performance the order of subtraction should be reversed (i.e., $M_{CLEC} - M_{ILEC}$, $P_{CLEC} - P_{ILEC}$, and $R_{CLEC} - R_{ILEC}$).

3.2 Small Sample Parity Test

For Tier 1 parity tests with less than 30 observations, Ameritech will, in most circumstances, use the permutation tests outlined below. In the limited circumstances where Ameritech does not have access to the underlying transaction-by-transaction data required for the permutation test, Ameritech will apply the Z test as described in Section 3.1.

3.2.1 Permutation Tests

Type I error: $\alpha = 5\%$,
Z-Critical: $Z^c = 1.645$.

The performance is non-compliant with the parity requirement if and only if $Z > Z^c$, where permutation Z values for different types of performance measurements are calculated as defined below.

For Percentages, the Fisher Exact Permutation Test will be used (See Business Rules).

For Averages and Ratios, the following Permutation analysis will be applied to calculate the z-statistic using the following logic:

(1) Choose a sufficiently large number T.

- (2) Pool and mix the CLEC and ILEC data sets
- (3) Randomly subdivide the pooled data sets into two pools, one the same size as the original CLEC data set (n_{CLEC}) and one reflecting the remaining data points, (which is equal to the size of the original ILEC data set or n_{ILEC}).
- (4) Compute and store the Z-test score (Z_s) for this sample.
- (5) Repeat steps 3 and 4 for the remaining T-1 sample pairs to be analyzed. (If the number of possibilities is less than 1 million, include a programmatic check to prevent drawing the same pair of samples more than once).
- (6) Order the Z_s results computed and stored in step 4 from lowest to highest.
- (7) Compute the Z-test score for the original two data sets and find its rank in the ordering determined in step 6.
- (8) To calculate P, divide the rank of the Z-test score as determined in step 7 by the number of total runs executed. ($P = \text{rank}/T$).
- (9) Using a cumulative standard normal distribution table, find the value Z_A such that the probability (or cumulative area under the standard normal curve) is equal to P calculated in step 8.

Compare Z value with the critical z value (Z^c). If $Z > Z^c$, then the performance is non-compliant.

3.2.2 In calculating the difference between the performances, the formula proposed above applies when a larger CLEC value indicates a higher quality of performance. In cases where a smaller CLEC value indicates a higher quality of performance the order of subtraction should be reversed (i.e., $M_{CLEC} - M_{ILEC}$, and $R_{CLEC} - R_{ILEC}$).

3.2.3 Ameritech and CLECs will provide software and technical support as needed by Commission Staff for purposes of utilizing the permutation analysis. Any CLEC who opts into this plan agrees to share in providing such support to the Commission Staff.

4.0 Non-statistical Benchmark Testing

For purposes of this document, performance for the CLEC on a particular sub-measure (disaggregated level) will be considered in compliance with the benchmark requirement when the measured results in a single month (whether in the form of means or percentages) for the same sub-measurement, at equivalent disaggregation, for CLEC

are used to calculate a Z value and the resulting value is no greater than the critical Z value (Z^c) as defined below.

4.1 Z-Critical: $Z^c = 0$.

Performance is non-compliant with the benchmark requirement if and only if $Z > Z^c$, where benchmark Z values for different types of performance measurements are defined as below.

4.1.1 For Measurement results that are expressed as Averages or Means:

$$\text{Benchmark } Z = B - M_{\text{CLEC}},$$

where;

B = Benchmark Average or Mean,

M_{CLEC} = CLEC Average.

4.1.2 For Measurement results expressed as Percentages or Proportions:

$$\text{Benchmark } Z = 100(B - P_{\text{CLEC}})$$

where;

B = Benchmark Percentage or Proportion,

P_{CLEC} = CLEC Percentage or Proportion.

4.1.3 In calculating the difference between the performances, the formula proposed above applies when a larger CLEC value indicates a higher quality of performance. In cases where a smaller CLEC value indicates a higher quality of performance, the order of subtraction should be reversed. (i.e., $M_{\text{CLEC}} - B$ and $P_{\text{CLEC}} - B$).

5.0 **Overview of Enforcement Structure**

5.1 Ameritech agrees with the following methodology for developing the assessment structure for Tier-1 and Tier-2:

5.2 Ameritech will pay the CLEC, according to the terms set forth in this document, in the form of a check or other form of cash, in full, within 30 days following the reporting of a failed performance measure. Interest on any payments due and owing shall commence on the 31st day of non-payment, at the interest rate of prime plus one.

5.3 Payments made apply to Tier-1 measurements identified as High, Medium, or Low on Appendix 1.

5.4 Assessments are applicable to Tier-2 measures identified as High, Medium, or Low on Appendix 1 and are payable to the Illinois State Treasury.

- 5.5 A CLEC wishing to be subject to Ameritech's Performance Remedy Plan tariffed with the Illinois Commerce Commission must notify SBC/Ameritech and the Commission, in writing, of its intent to "opt-in" the Remedy Plan. Notice to Ameritech shall be made, in the cases in which a CLEC purchases out of the tariffed plan, at the place of notice designated by Ameritech in the tariff. In the cases in which a CLEC opts-in to the Plan through an Interconnection Agreement, notice shall be made to Ameritech's regulatory offices. The CLEC's "opt-in" becomes effective 20 days from the date of filing said written notice with the Commission, and it supersedes the Plan previously in effect for that CLEC. Payments shall be calculated in accordance with the Plan beginning with the first full calendar month following the effective date of the "opt-in." Voluntarily negotiated amendments also must be filed with the Commission, although such amendments are subject to Commission approval.

6.0 Procedural Safeguards and Exclusions

- 6.1 Ameritech agrees that the payment made, as provided for herein, is not intended to foreclose other non-contractual legal and regulatory claims and remedies that may be available to a CLEC. By incorporating these terms regarding payment into an interconnection agreement, Ameritech and CLEC agree that proof of damages from any "noncompliant" performance measure would be difficult to ascertain and, therefore, the payments made pursuant to the Plan are a reasonable approximation of any contractual damage resulting from a non-compliant performance measure. Ameritech and CLEC further agree that payments made to the CLEC under this provision are not intended to be a penalty.
- 6.2 Ameritech's agreement to implement these enforcement terms, and specifically its agreement to make payments pursuant to the Plan to CLEC or to the state of Illinois, hereunder, will not be considered as an admission against interest or an admission of liability in any legal, regulatory, or other proceeding relating to the same performance. Ameritech and CLEC agree that CLEC may not use: (1) the existence of this enforcement plan; or (2) Ameritech's payment of Tier-1 payments or Tier-2 payments as evidence that Ameritech has discriminated in the provision of any facilities or services under Sections 251 or 252, or has violated any state or federal law or regulation. Ameritech's conduct underlying its performance measures, and the performance data provided under the performance measures, however, are not made inadmissible by these terms. Any CLEC accepting this Plan agrees that Ameritech's performance with respect to this Plan may not be used as an admission of liability or culpability for a violation of any state or federal law or regulation. Further, any payment made by Ameritech under these provisions is not hereby made inadmissible in any proceeding relating to the same conduct where Ameritech seeks to offset the payment against any other damages a CLEC might recover; whether or not the nature of damages sought by the CLEC is such that an offset is appropriate will be determined in the related proceeding. The terms of this paragraph do not apply to any proceeding before the

Commission or the FCC to determine whether Ameritech has met or continues to meet the requirements of Section 271.

6.3 Every six months, CLEC may participate with Ameritech, other CLECs, and Commission representatives to review the performance measures to determine whether measurements should be added, deleted, or modified; whether the applicable benchmark standards should be modified or replaced by parity standards; and whether to move a classification of a measure to High, Medium, Low, Diagnostic, Tier-1 or Tier-2. The criteria for reclassification of a measure shall be whether the actual volume of data points was lesser or greater than anticipated, whether the service is nascent or any other evidence establishing that the performance measure at issue is significantly inaccurate or changed from that reflected in the current Remedy Plan. Criteria for review of performance measures, other than for possible reclassification, shall be whether there exists an omission or failure, to capture intended performance, and whether there is duplication of another measurement. Performance measures for 911 may be examined at any six-month review to determine whether they should be reclassified. Any changes to existing performance measures and this Plan shall be by mutual agreement of the parties and, if necessary, with respect to new measures and their appropriate classification, by arbitration. The current measurements and benchmarks will be in effect until modified hereunder or expiration of the interconnection agreement.

6.4 CLEC and Ameritech shall consult with one another and attempt in good faith to resolve any issues regarding the accuracy or integrity of data collected, generated, and reported pursuant to this document.

6.4.1 Annual Audit

Ameritech will participate in a comprehensive annual audit of its reporting procedures and reportable data. Ameritech will include all systems, processes and procedures associated with the production and reporting of performance measurement results. A third-party auditor will perform this audit. Ameritech and the CLECs will jointly select the third-party auditor. If the parties cannot agree on the auditor, the auditors selected by each party will jointly determine the auditor. Costs for these annual audits will be fully borne by Ameritech.

The comprehensive Annual Audits will be conducted every twelve (12) months, with the first such audit commencing twelve (12) months after the conclusion of the KPMG LSS Test's metric replication. Upon completion, Ameritech shall submit its annual comprehensive audit to the Commission and the CLECS participating in this Remedy Plan.

6.4.2 Mini-Audits

In addition to an annual audit, CLEC may request mini-audits of individual performance measures/submeasures during the year. When a CLEC has reason to believe the data collected for a measure are flawed or the reporting criteria for the measure are not being adhered to, it can request that a mini-audit be performed on the specific measure/submeasure upon written request, which will include the designation of a CLEC representative to engage in discussions with Ameritech about the requested mini-audit. If, thirty (30) days after the CLEC's written request, the CLEC believes that the issue has not been resolved to its satisfaction, the CLEC can commence the mini-audit, after providing Ameritech with written notice five (5) days in advance. Each CLEC is limited to auditing three (3) single measures/submeasures during the audit year. The audit year shall commence with the start of the KPMG OSS test. **Mini-audits may not be performed, conducted or requested while the OSS third-party test, or an Annual Audit is being conducted.**

Mini-audits will be of all systems, processes and procedures associated with the production and reporting of performance measurement results for the audited measure/submeasure. Mini-audits will include two (2) months of data, and all parties agree that raw data supporting the performance measurement results will be made available, on a monthly basis, to the CLECs.

A third-party auditor, selected by the same method as described above, will conduct the mini-audits. The responsibility for paying the costs of such audits shall be wholly dependent on the result of the audit. A CLEC initiating a mini-audit that finds no culpability or misfeasance on Ameritech's part shall be fully responsible for bearing the cost of the mini-audit. In those instances where a CLEC requests a mini-audit which results in a finding that Ameritech has materially misreported or misrepresented data, or, Ameritech is found to have non-compliant procedures, Ameritech should bear responsibility for full payment of the costs of the mini-audit. Ameritech is deemed to be materially at fault when a reported successful measure changes as a consequence of the audit to a missed measure, or, when there is an increase in the ranking of the measure as a result of the audit, *i.e.*, from low to medium or from medium to high, as a result of a material misreport or misrepresentation. Each party to the mini-audit shall bear its own internal costs, regardless of which party ultimately bears the cost of the third-party auditor.

Each mini-audit shall be submitted to the CLEC involved and to the Commission as a proprietary document. Ameritech will notify all CLECs of any mini-audit requests, on a monthly basis, within forty-five (45) days of the date of a mini-audit request.

All written notices pursuant to this provision include e-mail.

7.0 Exclusions Limited

- 7.1 Ameritech shall not be obligated to pay for noncompliance with a performance measurement, if, but only to the extent that, such noncompliance could not have been avoided by Ameritech in the exercise of due diligence. Ameritech shall not be excused from payment on any other grounds, except by application of the procedural threshold below. Any dispute regarding whether Ameritech's performance failure is excused under this paragraph shall be resolved with the Commission through a dispute resolution proceeding under the Commission's Procedural Rules, or, if the parties consent, through commercial arbitration with the Ameritech Arbitration Association. Ameritech shall have the burden of proof in any such proceeding to demonstrate that its noncompliance with the performance measurement should be excused because it could not have been avoided by Ameritech in the exercise of reasonable diligence. Section 7.1 only suspends Ameritech's ability to timely perform an activity subject to performance measurement, the applicable time frame in which Ameritech's compliance with the parity or benchmark criterion is measured shall be extended on an hour-for-hour or day-for-day basis, as applicable, equal to the duration of the excusing event. Upon commencement of the dispute resolution proceeding set forth above, Ameritech shall place the payments and/or Assessments in dispute in an interest-bearing escrow, to be held by a neutral third party. The outcome of the dispute resolution shall determine which party to that proceeding is entitled to the funds held in escrow, and the interest on those funds.
- 7.3 Ameritech and CLEC agree that there is an aggregate annual cap of 36% of Ameritech's net income, which serves as a threshold for certain other events, and does not act as a ceiling on any payments made by Ameritech. The annual cap amounts will be determined by the Illinois Commerce Commission, pursuant to an annually commenced docket, based on the formula of 36% of Ameritech's net return as is set forth at ¶ 436 and footnote 1332 of the FCC's December 22, 1999 Memorandum Opinion and Order in CC Docket No. 99-295. The annual cap shall be re-calculated on the first business day of the calendar year that updated ARMIS data is made publicly available. For purposes of applying the cap, the calendar year shall apply.
- Once the annual cap is established, an aggregate monthly cap will be determined by dividing the amount of the annual cap by six. A monthly cap of \$60.24 million (\$361.45 million ÷ 6) for Tier-1 payments, serves as a threshold for certain other events, and does not act as a ceiling on the aggregate monthly payments made by Ameritech.
- 7.3.1 Whenever Ameritech makes Tier-1 payments to an individual CLEC in a given month exceeding \$3.76 million, or the aggregate Tier-1 payments to all CLECs in a given month exceeds the monthly cap, Ameritech may commence a show cause proceeding as provided for below. Upon timely commencement of the show cause proceeding, Ameritech must pay the balance of monies owed in excess of the threshold amount into an interest-bearing escrow, to be held by a neutral third-party, pending the outcome of the show cause proceeding. To invoke these escrow provisions, Ameritech must file

with the Commission, not later than the due date of the affected damages payments, an application to show cause why it should not be required to pay any amount in excess of the procedural threshold. Ameritech's petition shall be in the nature of an expedited dispute resolution under this paragraph pursuant to Illinois Commerce Commission Procedural Rules. Ameritech will have the burden of proof to demonstrate why, under the circumstances, it would be unjust to require it to make payment in excess of the applicable threshold amount.

If Ameritech reports non-compliant performance to a CLEC for three consecutive months on 20% or more of the measures reported to the CLEC, but Ameritech has incurred no more than \$1.25 million in payments to the CLEC for that period under the enforcement terms set out here, then the CLEC may commence an expedited dispute resolution under this paragraph pursuant to Illinois Commerce Commission Procedural Rules. In any such proceeding, the CLEC will have the burden of proof to demonstrate why, under the circumstances, justice requires Ameritech to make payments in excess of the amount calculated under these enforcement terms.

- 7.3.2 Ameritech should post on its Internet website the aggregate payments of any Tier 1 payments or Tier 2 Assessments.
- 7.4 With respect to any interconnection agreement, Ameritech and any CLEC may request two expedited dispute resolution proceedings pursuant to the two preceding paragraphs before the Commission or, if the parties agree, through commercial arbitration with the American Arbitration Association (AAA); during the term of the contract without having to pay attorneys' fees to the winning company. For the third proceeding and thereafter, the requesting party must pay attorneys' fees, as determined by the Commission or AAA, if that party loses.
- 7.5 In the event the aggregate total of Tier-1 payments and Tier-2 Assessments under all Ameritech interconnection agreements reaches the annual cap within a given year and Ameritech continues to deliver non-compliant performance during the same year to any CLEC or all CLECs, the Commission may recommend to the FCC that Ameritech should cease offering in-region inter-LATA services to new customers.
- 7.6 In the event that the aggregate total of Tier 1 payments and Tier 2 Assessments reaches the annual procedural threshold within the first nine months of a given year, the Commission shall commence an expedited investigation to determine, among other things, whether further payment/Assessment is/are warranted; whether the payment and/or Assessment amounts should be higher under the particular circumstances; why Ameritech's performance was substandard, or other issues.
- 7.7 Whenever Commission proceedings are initiated by any party, or by the Commission, any payments or Assessments that become due and owing, including penalties that are the subject of the Commission proceedings, shall be deposited by Ameritech into an interest-bearing escrow, to be held by neutral third-parties, during the pendency of the

Commission proceedings. In addition to the issues that are the subject of the Commission proceedings, if appropriate, the Commission shall determine whether the CLEC(s) and the State are entitled to the funds held in escrow, and, what parties should receive the interest. Except as is determined by the Commission in the preceding sentence, all parties are to bear their own litigation costs and expenses.

8.0 **Tier-1 Damages Payable to CLECs**

Tier-1 payments apply to measures designated in Appendix 1 as High, Medium, or Low when Ameritech delivers “non-compliant” performance as defined above.

- 8.1 Payments in the amount specified in the table below apply to all “non-compliant” sub-measures. Payments are calculated on a per occurrence basis, using the amount per occurrence taken from the table below, based on the designation of the measures as High, Medium, or Low in Appendix 1 and the number of consecutive months for which Ameritech has reported noncompliance for the sub-measure. For those measures listed on Appendix 3 as “Measurements that are subject to per occurrence damages or assessments with a cap,” the amount of payments in a single month for a disaggregation category shall not exceed the amount listed in the table below for the “Per measurement” category. For those measures listed on Appendix 3 as “Measurements that are subject to per measure damages or assessment,” payments are calculated on a per disaggregation category basis, at the amounts set forth in the table below. The methodology for determining the number of occurrences is addressed in “Methods of Calculating the Payment and Assessment Amounts” below.

PAYMENT TABLE FOR TIER-1 MEASURES

Per occurrence Measurement Group	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6 and each following month
High	\$300	\$500	\$1000	\$1200	\$1400	\$1600
Medium	\$150	\$300	\$600	\$800	\$1000	\$1200
Low	\$50	\$100	\$200	\$400	\$600	\$800
Per Measure/Cap* Measurement Group	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6 and each following month
High	\$50,000	\$100,000	\$150,000	\$200,000	\$250,000	\$300,000
Medium	\$20,000	\$40,000	\$60,000	\$80,000	\$100,000	\$120,000
Low	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000

ASSESSMENT TABLE FOR TIER-2 MEASURES

Per occurrence	
Measurement Group	
High	\$1000
Medium	\$600
Low	\$400

Per Measure/Cap*	
Measurement Group	
High	\$150,000
Medium	\$60,000
Low	\$40,000

- * For per occurrence with cap measures, the occurrence value is taken from the per occurrence table, subject to the per measure with cap amount.

9.0 **Tier-2 Assessments to the State:**

- 9.1 Assessments payable to the Illinois State Treasury apply to the Tier-2 measures designated in Appendix 1 as High, Medium, or Low when Ameritech performance is out of parity or does not meet the benchmarks for the aggregate of all CLEC data. Specifically, if the Z-test value is greater than the Critical Z, the performance for the reporting category is out of parity or below standard. Assessments will be paid when the aggregate of all CLECs has at least 10 observations.
- 9.2 For those measurements where a per-occurrence assessment applies, an Assessment as specified in the Assessment Table for each occurrence is payable into the Illinois State Treasury for each sub-measure that exceeds the Critical Z-value, for three consecutive months. For those Measurements listed in Appendix 3 as measurements subject to per occurrence with a cap, an Assessment as shown in the Assessment Table above for each occurrence with the applicable cap is payable into the Illinois State Treasury for each sub-measure that exceeds the Critical Z-value, for three consecutive months. For those Tier-2 Measurements listed in Appendix 3 as subject to a per measurement assessment, an Assessment amount as shown in the Assessment Table above is payable into the Illinois State Treasury for each sub-measure that exceeds the Critical Z-value, for three consecutive months.
- 9.3 The critical Z-value is defined in Sections 3.1 and 4.1 above.

10.0 **General Assessments:**

- 10.1 If Ameritech fails to submit performance reports by the 20th day of the month, the following assessments apply unless excused for good cause by the Commission:

If no reports are filed, \$5,000 per day past due;
If incomplete reports are filed, \$1,000 per day for each missing performance result.

- 10.2 If Ameritech alters previously reported data to a CLEC, and after discussions with Ameritech the CLEC disputes such alterations, then the CLEC may ask the Commission to review the submissions and the Commission may take appropriate action. This does not apply to the limitation stated under the section titled “Exclusions Limited.”
- 10.3 When Ameritech’s performance creates an obligation to make a payment to a CLEC or pay an Assessment to the State under the terms set forth herein, Ameritech shall make payment in the required amount on or before the 30th day following the due date of the performance measurement report for the month in which the obligation arose (e.g., if Ameritech’s performance through March is such that Ameritech owes a CLEC for March performance, or Assessments to the State for January – March performance, then those payments will be due May 20, thirty (30) days after the April 20 due date for reporting March data). For each day after the due date that Ameritech fails to pay the required amount, Ameritech will pay interest to the CLEC at the maximum rate permitted by law for a past due amount and will pay an additional \$3,000 per day to the Illinois State Treasury for a past due Assessment.
- 10.4 Ameritech may not withhold payments to a CLEC unless Ameritech has commenced dispute resolution proceedings on or before the payment due date, pursuant to one of the provisions in Section 7 of this Document.
- 10.5 CLEC will have access to monthly reports on performance measures and business rules through an Internet website that includes individual CLEC data, aggregate CLEC data, and Ameritech’s or its affiliate’s data.

11.0 Methods of Calculating the Liquidated Damage and Assessment Amounts

The following methods apply in calculating per occurrence payments and Assessments:

11.1 Calculating Tier-1 Payments

11.1.1 Measures for Which the Reporting Dimensions are Averages or Means

Step 1: Calculate the average or the mean for the sub-measure for the CLEC that would yield the Critical Z-value. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (For benchmark measures, the calculated average or mean equals the benchmark standard. Substitute this value for the value calculated in the previous sentences.)

- Step 2: Calculate the percentage difference between the actual average and the calculated average. This percentage is capped at 100%.
- Step 3: Multiply the total number of data points by the percentage calculated in the previous step and round this number up to the next integer. Then multiply the result by the per occurrence dollar amount taken from the Tier 1 Payment Table to determine the applicable payment amount for the given month for that sub-measure.

11.1.2 Measures for Which the Reporting Dimensions are Percentages

- Step 1: Calculate the percentage for the sub-measure for the CLEC that would yield the Critical Z-value. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (For benchmark measures, the calculated percentage equals the benchmark standard. Substitute this value for the value calculated in the previous sentences.)
- Step 2: Calculate the difference between the actual percentage for the CLEC and the calculated percentage.
- Step 3: Multiply the total number of data points by the difference in percentage calculated in the previous step and then round this number up to the next integer. Then multiply the result by the per occurrence dollar amount taken from the Tier 1 Payment Table to determine the applicable Tier 1 payment for the given month for that sub-measure.

11.1.3 Measures for Which the Reporting Dimensions are Ratios or Rates.

- Step 1: Calculate the ratio for the sub-measure for the CLEC that would yield the Critical Z-value. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure.
- Step 2: Calculate the difference between the actual ratio for the CLEC and the calculated ratio. This difference is capped at 100%.
- Step 3: Multiply the total number of data points by the percentage calculated in the previous step and then round this number up to the nearest integer. Then multiply the result by the per occurrence dollar amount taken from the Tier 1 Payment Table to determine the applicable Tier 1 payments for the given month for that sub-measure.

11.2 Tier 2 Liquidated Assessments

Determine the Tier-2 measurement results, such as High, Medium, or Low, that are non-compliant for three consecutive months for all CLECs.

If the non-compliant classification continues for three consecutive months, an additional assessment will apply in the third month and in each succeeding month as calculated below, until Ameritech reports performance that meets the applicable criterion. That is, Tier-2 assessments will apply on a “rolling three month” basis, one assessment for the average number of occurrences for months 1-3, one assessment for the average number of occurrences for months 2-4, one assessment for the average number of occurrences for months 3-5, and so forth, until satisfactory performance is established.

11.2.1 Measures for Which the Reporting Dimensions are Averages or Means.

- Step 1: Calculate the average or the mean for the sub-measure for the CLECs that would yield the Critical Z-value for each of the three non-compliant months. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (For benchmark measures, the calculated average or mean equals the benchmark standard. Substitute this value for the value calculated in the previous sentences.)
- Step 2: Calculate the percentage difference between the actual average and the calculated average for each of the three non-compliant months. This percentage is capped at 100%.
- Step 3: Multiply the total number of data points for each month by the percentage calculated in the previous step. Calculate the average for three months of these numbers rounding up the result to the next highest integer. Then multiply the result by \$1000, \$600, and \$400 for Measures that are designated as High, Medium, and Low respectively to determine the applicable Assessment payable to the Illinois State Treasury for that sub-measure.

11.2.2 Measures for Which the Reporting Dimensions are Percentages.

- Step 1: Calculated the percentage for the sub-measure for the CLECs that would yield the Critical Z-value for each of the three non-compliant months. Use the same denominator as the one used in calculating the Z-statistic for the sub-measure. (For benchmark measures, the calculated percentage equals the benchmark standard. Substitute this value for the value calculated in the previous sentences.)

- Step 2: Calculate the difference between the actual percentage for the CLECs and the calculated percentage for each of the three non-compliant months.
- Step 3: Multiply the total number of data points for each month by the difference in percentage calculated in the previous step. Calculate the average for three months of these numbers rounding up the result to the next highest integer. Then multiply the result by \$1000, \$600, and \$400 for measures that are designated as High, Medium, and Low respectively to determine the applicable Assessment for that sub-measure.

11.2.3 Measures for Which the Reporting Dimensions are Ratios or Rates.

- Step 1: Calculate the ratio for the sub-measure for the CLECs that would yield the Critical Z-value for each of the three non-compliant months. Use the same denominator as the one used in calculating the Z-statistic for the sub-measures. (For benchmark measures, calculate the value that would yield parity by adding or subtracting the Critical Z-value to the benchmark as appropriate, subject to 4.0 and the Business Rules.)
- Step 2: Calculate the difference between the actual ratio for the CLECs and the calculated ratio for each month of the non-compliant three-month period. This difference is capped at 100%
- Step 3: Multiply the total number of data points by the percentage calculated in the previous step for each month. Calculate the average for three months of these numbers rounding up the result to the next highest integer. Then multiply the result by \$1000, \$600, and \$400 for measures that are designated as High, Medium, and Low respectively to determine the applicable Assessment for that sub-measure.

12.0 **Advanced and Nascent Services**

- 12.1 In order to ensure parity and benchmark performance where CLECs order low volumes of advanced and nascent services, Ameritech will make additional voluntary payments into the Illinois State Treasury on those measurements listed in §12.2 below (the "Qualifying Measurements"). Such additional voluntary payments will apply only when there are more than 10 and less than 100 observations for a Qualifying Measurement on average statewide for a three-month period with respect to the following order categories (if within a Qualifying Measurement):

- UNE loop and port combinations;
- Resold ISDN;
- ISDN UNE loop and port combinations;

- BRI loop with test access; and
- DSL loops.

12.2 The Qualifying Measurements are as follows:

Provisioning Measurements:

- PMs 29, 45, 58 - Percent Ameritech Caused Missed Due Dates
- PMs 35, 46, 59 - Installation Trouble Reports Within "X" Days
- PMs 27, 43, 56 - Mean Installation Interval
- PMs 32, 49, 62 - Average Delay Days for Ameritech-Caused Missed Due Dates
- PM 55.1 - Average Installation Interval - DSL
- PM 57 - Average Response Time for Loop Qualification Information

Maintenance Measurements:

- PMs 38, 66, 68 - % Missed Repair Commitments
- PMs 41, 53, 69 - % Repeat Reports
- PMs 39, 52, 67 - Mean Time to Restore
- PMs 37, 54, 65 - Trouble Report Rate

12.3 The additional voluntary payments referenced in §12.1 will be made only if Ameritech fails to provide parity or benchmark service for the above measurements as determined by the use of the Modified Z-test and critical Z-value for either:

- three consecutive months; or
- six months or more in a calendar year.

12.4 The additional voluntary payments will only be calculated on the rolling average of occurrences or measurements, as appropriate, where Ameritech has failed to provide parity or benchmark performance for three consecutive months. If Ameritech fails to provide parity or benchmark performance in Illinois for six or more months in a calendar year, the voluntary payments will be calculated as if all such months were missed consecutively.

12.5 If, for the three months that are utilized to calculate the rolling average, there were 100 observations or more on average for the qualifying measurement or sub-measurement, then no additional voluntary payments will be made into the Illinois State Treasury. However, if during this same time frame there either is (i) an average of more than 10 but less than 100 observations for a qualifying sub-measure on a statewide basis, or (ii) an average of more than 10 but less than 100 for a non-qualifying sub-measure within a qualifying measure where the measure's average is more than 10 but less than 100 observations, then Ameritech shall calculate the

additional payments into the Illinois State Treasury by first applying the normal Tier 2 assessment calculation methodology to that qualifying measurement, and then tripling that amount.

12.6 Any payments made hereunder shall be subject to the annual cap set forth in § 7.3.

13.0 Attached hereto, and incorporated herein by reference, are the following Appendices:

Appendix 1: Performance Measurement Business Rules (Illinois)

Appendix 2: Performance Measures Subject to Tier-1 and Tier-2 Damages Identified as High, Medium, or Low.

Appendix 3: Measurements Subject to Per Occurrence Calculation of Payments or Assessment with a Cap and Measurements Subject to Per Measure Payments or Assessment.